



United States Senator
Richard Shelby
REPORTS TO ALABAMA



THE TIME FOR A BALANCED BUDGET IS NOW

By: Senator Richard Shelby

Late last week, the United States Senate approved the Federal Government's budget for fiscal year 2006. As we debated the details of the budget, the several trillion dollar deficit our country faces was foremost in my mind.

Every year, Congress is faced with the challenge of determining how taxpayer dollars will be spent. Do we continue to fund programs that are politically advantageous or do we make the tough decisions to cut spending in an effort to decrease our ever-growing Federal debt? The path of least resistance is always that of increased spending. But I believe that the long-term implications of increasing the deficit is far more dangerous than any spending cut. Until the Federal Government is required to spend only the amount of money that it takes in, I fear that we will continue to write checks that the Treasury cannot cash. It is for this reason that I have, once again, introduced a balanced budget amendment to the Constitution.

A balanced budget amendment to the Constitution is the only certain mechanism to break the cycle of deficit spending and ensure that the Government does not continue to saddle our children and grandchildren with the current generation's debts. Essentially, this amendment requires that the United States not spend more money than it receives in revenue, except in times of war or when suspended by three-fifths of both Houses of Congress.

Throughout my tenure in Congress, during good economic times and bad, I have devoted much time and attention to this idea, because I believe that one of the most important things the Federal Government can do to enhance the lives of all Americans and future generations is to balance the Federal budget. In fact, I have introduced a balanced budget amendment every Congress since 1981.

Our Founding Fathers had great concerns regarding the capability of those in government to operate within budgetary constraints. Alexander Hamilton once wrote that:

"...there is a general propensity in those who govern, founded in the constitution of man, to shift the burden from the present to a future day." Thomas Jefferson commented on the moral significance of this "shifting of the burden from the present to the future." He said: "the question whether one generation has the right to bind another by the deficit it imposes is a question of such consequence as to place it among the fundamental principles of government. We should consider ourselves unauthorized to saddle posterity with our debts and morally bound to pay them ourselves."

I completely agree with these sentiments. History has shown that Hamilton was correct. Those who govern have, in fact, saddled future generations with the responsibility of paying for their debts. Over the past 30 years, annual deficits have become routine and the Federal Government has built up massive debt. Furthermore, Jefferson's assessment of the significance of this is also correct: intergenerational debt shifting is morally wrong.

A permanently balanced budget would have a considerable impact on the everyday lives of the American people. A balanced budget would dramatically lower interest rates thereby saving money for anyone with a home mortgage, a student loan, a car loan, credit card debt, or any other interest rate sensitive payment responsibility. Simply by balancing its books, the Federal Government would put real money into the hands of hard working people. Moreover, if the Government's demand for capital is reduced, more money would be available for private sector use, which in turn, would generate substantial economic growth and create thousands of new jobs.

More money in the pockets of Americans and more job creation by the economy can become a reality with a simple step--a balanced budget amendment. On the other hand, without a balanced budget amendment, the Government will continue to waste the taxpayers' money on unnecessary interest payments. In fiscal year 2004, the Federal

Government spent more than \$321 billion just to pay the interest on the national debt. That is more than the amount spent on all education, job training, and crime programs combined.

We might as well be taking these hard-earned tax dollars and pouring them down the drain. I believe that this money could be better spent on improving education, developing new medical technologies, finding a cure for cancer, or even returning it to the people who earned it in the first place. But instead, about 15 percent of the Federal budget is being wasted on interest payments because advocates of big government continue to block all efforts to balance the budget.

A balanced budget amendment to the Constitution can be the solution to this perpetual problem. A balanced budget amendment will put us on a path to paying off our national debt, which is currently almost \$8 trillion. This amendment will help ensure that taxpayers' money will no longer be wasted on interest payments.

Opponents of a balanced budget amendment treat it as if it is something extraordinary. They are right; a balanced Federal budget would be extraordinary. And I believe that adopting an amendment that would require the Federal Government to do what every American already has to do--balance their checkbook--is exactly what this country needs to prove that Washington is serious about accomplishing this extraordinary feat. A balanced budget amendment is simply a promise to the American people that the Government will spend their hard-earned tax dollars responsibly. I think that we owe our constituents and future generations of Americans that much.

We do not need any more budget deals or false promises from Washington to reduce the deficit. What we need is a hammer to force Congress and the President to agree on a balanced budget, not just this year, but forever. A Constitutional amendment to balance the Federal budget is the only hammer forceful enough to make that happen.